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Financial Report

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

June 30, 2012

ARCHDIOCESE OF NEW ORLEANS

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Most Reverend Gregory M. Aymond,
Archbishop of the Roman Catholic Church of
the Archdiocese of New Orleans,
New Orleans, Louisiana.

We have audited the accompanying statements of financial position of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Administrative Offices. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administrative Offices as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the Administrative Offices' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules (Schedules 1 through 5) are presented for purposes of additional analysis and are not a required part of the financial statements of the Administrative Offices. The accompanying schedule of expenditures of federal award is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits *of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the Administrative Offices. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 10, 2012.

STATEMENTS OF FINANCIAL POSITION

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2012 and 2011

ASSETS

	2012	2011
Cash and cash equivalents	$ 6,062,536	$ 2,545,609
Grants receivable - FEMA	5,260,537	6,257,212
Accounts receivable from affiliates and other	3,629,873	4,389,384
Prepaid expenses	1,521,160	1,778,422
Pledges receivable	391,600	983,200
Loans receivable from affiliates - less allowance for doubtful receivables of $12,727,913 and $12,916,386 for 2012 and 2011, respectively	58,040,802	58,864,277
Investments	222,178,845	221,154,474
Land, buildings, and equipment - less accumulated depreciation of $32,099,447 and $30,892,827 for 2012 and 2011, respectively	48,733,728	45,390,801
Other assets	2,683,545	2,787,345
Beneficial interest in charitable remainder trust	516,618	491,934
Total assets	$ 349,019,244	$ 344,642,658

LIABILITIES AND NET ASSETS

	2012	2011
Liabilities		
Accounts payable	$ 5,929,830	$ 6,247,691
Undistributed flood insurance proceeds due to affiliates	248,041	248,041
Accrued expenses and other	3,446,587	3,190,493
Accrued liability for self-insured claims	5,125,867	6,760,345
Deposits payable to affiliates	101,473,420	99,453,324
Funds held for affiliates	65,776,852	57,536,146
Bonds payable	64,331,955	65,656,862
Accrued pension liability	35,896,198	30,540,026
Total liabilities	282,228,750	269,632,928
Commitments and Contingencies (Note 16)	-	-
Net Assets		
Unrestricted	41,657,739	45,704,753
Temporarily restricted	11,058,636	15,277,524
Permanently restricted	14,074,119	14,027,453
Total net assets	66,790,494	75,009,730
Total liabilities and net assets	$ 349,019,244	$ 344,642,658

See notes to financial statements.

Exhibit B-1

STATEMENT OF ACTIVITIES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2012
(with comparative totals for 2011)

	2012 Unrestricted	2012 Temporarily Restricted	2012 Permanently Restricted	2012 Totals	2011 Comparative Totals
Revenue, Gains, and Other Support					
Assessments to affiliated entities for:					
Archdiocesan support	$ 8,757,883			$ 8,757,883	$ 9,061,065
Priest health insurance and retirement	2,061,039			2,061,039	1,903,340
Insurance	14,079,617			14,079,617	13,692,075
Total assessments	24,898,539			24,898,539	24,656,480
Bad debt recovery	738,333			738,333	650,535
Contributions and grants	1,976,554	$ 506,278	$ 46,666	2,529,498	1,517,225
Rents and royalties	949,454			949,454	938,700
Investment return - designated for current operations	3,473,777	50,020		3,523,797	2,904,999
Interest income - Deposit and Loan Fund	2,466,201			2,466,201	2,590,141
Fees collected and other revenue	2,841,174			2,841,174	2,038,581
Gain on sale of assets	-			-	2,114,449
Changes in value of split-interest agreement		24,684		24,684	54,600
Net assets released from restrictions - satisfaction of program restrictions	4,883,365	(4,883,365)		-	-
Total revenue, gains, and other support	42,227,397	(4,302,383)	46,666	37,971,680	37,465,710
Expenses					
Program services:					
Christian formation	5,839,409			5,839,409	2,881,888
Clergy	10,086,510			10,086,510	7,528,167
Community services	174,478			174,478	184,059
Gifts and grants	292,695			292,695	217,269
Insurance	16,445,188			16,445,188	11,891,747
Pastoral services	1,170,247			1,170,247	1,096,036
Religious	126,055			126,055	118,312
Total program services expenses	34,134,582	-	-	34,134,582	23,917,478

	2012 Unrestricted	2012 Temporarily Restricted	2012 Permanently Restricted	2012 Totals	2011 Comparative Totals
Supporting services:					
Administration	2,521,044			2,521,044	2,613,150
Financial services	8,190,394			8,190,394	7,540,370
Interest	2,980,568			2,980,568	3,039,131
Interest expense - Deposit and Loan Fund	1,069,083			1,069,083	1,213,527
Total supporting services expenses	14,761,089	-	-	14,761,089	14,406,178
Total expenses	48,895,671	-	-	48,895,671	38,323,656
Income (Loss) From Operations	(6,668,274)	(4,302,383)	46,666	(10,923,991)	(857,946)
Non-Operating Revenues (Expenses)					
Investment income reduced by the portion of cumulative net investment income designated for current operations	5,159,445	83,495		5,242,940	15,785,047
Grants and donations related to hurricanes	36,172,057			36,172,057	23,790,449
Distributions of donations to affiliates	(35,240,118)	-		(35,240,118)	(25,718,589)
Total non-operating revenues - net	6,091,384	83,495	-	6,174,879	13,856,907
Excess (Deficiency) of Revenue, Gains, and Other Support Over Expenses	(576,890)	(4,218,888)	46,666	(4,749,112)	12,998,961
Additional Minimum Pension Liability Adjustment	(3,470,124)	-	-	(3,470,124)	(714,703)
Increase (Decrease) in Net Assets	(4,047,014)	(4,218,888)	46,666	(8,219,236)	12,284,258
Net Assets					
Beginning of year	45,704,753	15,277,524	14,027,453	75,009,730	62,725,472
End of year	$ 41,657,739	$ 11,058,636	$ 14,074,119	$ 66,790,494	$ 75,009,730

See notes to financial statements.

STATEMENT OF ACTIVITIES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue, Gains, and Other Support				
Assessments to affiliated entities for:				
Archdiocesan support	$ 9,061,065			$ 9,061,065
Priest health insurance and retirement	1,903,340			1,903,340
Insurance	13,692,075			13,692,075
Total assessments	24,656,480			24,656,480
Bad debt recovery	650,535			650,535
Contributions and grants	1,104,860	$ 409,012	$ 3,353	1,517,225
Rents and royalties	938,700			938,700
Investment return - designated for current operations	2,200,090	704,909		2,904,999
Interest income - Deposit and Loan Fund	2,590,141			2,590,141
Fees collected and other revenue	2,038,581			2,038,581
Gain on sale of assets	2,114,449			2,114,449
Changes in value of split-interest agreement	-	54,600		54,600
Net assets released from restrictions - satisfaction of program restrictions	687,735	(687,735)		-
Total revenue, gains, and other support	36,981,571	480,786	3,353	37,465,710
Expenses				
Program services:				
Christian formation	2,881,888			2,881,888
Clergy	7,528,167			7,528,167
Community services	184,059			184,059
Gifts and grants	217,269			217,269
Insurance	11,891,747			11,891,747
Pastoral services	1,096,036			1,096,036
Religious	118,312			118,312
Total program services expenses	23,917,478	-	-	23,917,478

Exhibit B-2
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Expenses (Continued)				
Supporting services:				
Administration	2,613,150			2,613,150
Financial services	7,540,370			7,540,370
Interest	3,039,131			3,039,131
Interest expense - Deposit and Loan Fund	1,213,527			1,213,527
Total supporting services expenses	14,406,178	-	-	14,406,178
Total expenses	38,323,656	-	-	38,323,656
Income (Loss) From Operations	(1,342,085)	480,786	3,353	(857,946)
Non-Operating Revenues (Expenses)				
Investment income reduced by the portion of cumulative net investment income designated for current operations	12,204,045	3,581,002		15,785,047
Grants and donations related to hurricanes	23,790,329	120		23,790,449
Net assets released from restrictions - Hurricane Katrina	1,538,302	(1,538,302)		-
Distributions of donations to affiliates	(25,665,629)	(52,960)		(25,718,589)
Total non-operating revenues - net	11,867,047	1,989,860	-	13,856,907
Excess of Revenue, Gains, and Other Support Over Expenses	10,524,962	2,470,646	3,353	12,998,961
Additional Minimum Pension Liability Adjustment	(714,703)			(714,703)
Increase in Net Assets	9,810,259	2,470,646	3,353	12,284,258
Net Assets				
Beginning of year	35,894,494	12,806,878	14,024,100	62,725,472
End of year	$ 45,704,753	$ 15,277,524	$ 14,027,453	$ 75,009,730

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ (8,219,236)	$ 12,284,258
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Federal grants restricted for building construction	(791,642)	-
Depreciation and amortization	1,310,420	1,239,733
Bond premium amortization	(64,907)	(66,144)
Asset retirement obligation accretion	37,257	35,483
Provision for doubtful receivables - net	(188,473)	789,117
Net gain from sale of assets	-	(2,114,449)
Unrealized gains on investments	(3,988,089)	(12,794,863)
Increase in accrued pension liability	5,356,172	2,274,157
Change in beneficial interest in charitable reminder trust	(24,684)	(54,600)
Contributions restricted for long-term investments	(46,666)	(3,353)
Changes in operating assets and liabilities:		
(Increase) decrease in grants, accounts and other, and pledges receivable	2,046,359	(5,529,911)
(Increase) decrease in prepaid expense and other assets	257,262	(385,575)
Increase (decrease) in accounts payable, promises to give, accrued expenses, and other	(1,733,504)	4,472,521
Net cash provided by (used in) operating activities	(6,049,731)	146,374
Cash Flows From Investing Activities		
Collection on loans to affiliates	37,152,796	30,749,813
Loans made to affiliates	(36,140,848)	(33,890,214)
(Increase) decrease in investments - net	2,933,721	(14,993,749)
Proceeds from sale of land, buildings, and equipment	-	2,246,600
Purchases of land, buildings, and equipment	(4,549,548)	(2,092,442)
Decrease in investments restricted for debt service	30,000	28,500
Net cash used in investing activities	(573,879)	(17,951,492)

	2012	2011
Cash Flows From Financing Activities		
Collection of federal grant funds restricted for building construction	1,093,069	-
Increase (decrease) in deposits payable to affiliates - net	2,020,096	(829,510)
Bond principal payments	(1,260,000)	(1,200,000)
Increase in funds held for affiliates	8,240,706	10,312,976
Proceeds from permanently restricted contributions	46,666	3,353
Net cash provided by financing activities	10,140,537	8,286,819
Net Increase (Decrease) In Cash and Cash Equivalents	3,516,927	(9,518,299)
Cash and Cash Equivalents		
Beginning of year	2,545,609	12,063,908
End of year	$ 6,062,536	$ 2,545,609
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 3,071,275	$ 3,129,775

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2012 and 2011

Note 1 - ORGANIZATION

The accompanying financial statements of the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") include the assets, liabilities, net assets, and the financial activities of all administrative and program offices and departments maintained and directed by the administrative offices of the Roman Catholic Church of the Archdiocese of New Orleans, a Louisiana corporation (the "Archdiocese"), and also include certain assets which are owned by the Archdiocese and are used in the operations of certain affiliated entities. The purpose of the Administrative Offices is to provide support and services to the various church parishes and other related agencies within the Archdiocese. Operating support is derived primarily from assessments from affiliated entities, contributions, and bequests, interest on loans to church parishes, and investment earnings. The activities of the Administrative Offices also include:

- the operation of the Deposit and Loan Fund, which provides savings and loan services to the parishes;
- the administration of a centralized property and casualty insurance program;
- the investment of endowment funds; and
- the administration and funding of health care, auto insurance, and retirement costs for priests of the Archdiocese.

The activities of church parishes, schools, cemeteries, seminaries, nursing homes, charitable institutions, and other distinct operating entities which operate within the Archdiocese ("non-combined affiliated entities") have not been included in the accompanying financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements of the Administrative Offices have been prepared in accordance with accounting principles generally accepted in the United States of America.

b. Basis of Presentation

The Administrative Offices reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use by the Administrative Offices has been limited by donors (a) to later periods of time or after specified dates or (b) to specific purposes.

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. Income earned on these investments may be restricted for specific purposes.

c. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Of particular significance to the Administrative Offices' financial statements are estimates related to pension assumptions, the allowance for doubtful loans receivable, and the accrued liability for self-insured claims. Actual results could differ from those estimates.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, cash equivalents is defined to include highly liquid short-term investments, including money market account deposits, commercial paper investments, and certificates of deposit purchased with an original maturity of 90 days or less, unless held in the investment portfolios.

e. Accounts and Loans Receivable

The accounts and loans receivable include advances made to church parishes and diocesan-related organizations as a result of a cooperative lending program established by the Administrative Offices for the mutual benefit of participants. The determination of the terms of repayment and interest charges is made by the Administrative Offices on an individual case basis. Since most of the accounts and loans receivable consist of large amounts due from a limited number of related organizations, the determination of the collectability of these receivables is also made by management on an individual case basis, using prior collection histories and current economic factors as judgment criteria.

f. Allowance for Doubtful Receivables

The Administrative Offices establishes an allowance for uncollectible loans receivable based on management's evaluation of the collectability of outstanding loans receivable.

g. Pledges Receivable

Unconditional promises to give are recognized as revenue or gains and as assets in the period in which the promise is made and are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Allowances for uncollectible promises to give, if any, are based on management's evaluation of the collectability of such amounts.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Investments

Investments are valued at their fair values in the Statements of Financial Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the investment date. See Note 17 for a discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses on investments recorded at fair value are included in the Statements of Activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Investments are managed to achieve the maximum long-term total return. A spending rate approach is used to allocate a defined percentage of investment return for operating purposes each year, with the remainder of investment income reinvested and reported as non-operating income. A spending rate of approximately 5% of the market value of the Administrative Offices' pooled investments (excluding funds held for others) as of the beginning of each fiscal year was used during each of the fiscal years ended June 30, 2012 and 2011.

Investments consist of the following:

- Investments over which the Archdiocese retains control and may use at its own discretion subject to donor restrictions, if any.

- Unexpended bond funds held by the trustee, which are designated for capital projects as per the bond indenture agreement.

- Investments restricted for debt service, which are those funds set aside to pay related debt service costs.

- Funds held for others, which are funds owned by affiliated entities that are held in a custodial capacity and invested in a centralized investment pool of assets.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost or, when donated, at fair value. Additions and major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Depreciation on buildings and improvements and equipment is calculated using the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	5 years
Transportation equipment	5 years
Buildings and improvements	40 years

j. Impairment of Long-Lived Assets

The Administrative Offices reviews its long-lived assets, consisting of buildings and equipment, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Administrative Offices determines recoverability of the assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate or to fair value. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. During the years ended June 30, 2012 and 2011, no asset impairments were recorded.

k. Historical Treasures

Included in other assets is a donation of historical documents (Garrison St. Lazarus) that does not meet the definition of a collection. This asset was recorded at fair value at the time of donation.

l. Deposits Payable to Affiliates

Entities affiliated with the Archdiocese are encouraged to deposit funds not required for short-term operating needs with the Administrative Offices. Such deposits are used to fund loans and make other investments. Market rates of interest are paid on such deposits. Such interest rates are adjusted annually based on changes in the 90-day U.S. Treasury bill rate.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Funds Held for Affiliates

The Administrative Offices acts as a custodian for funds owned by affiliated entities to provide centralized investment of pooled assets. Earnings on these investments are allocated monthly.

n. Amortization of Bond Issue Costs

Included in other assets are bond issue costs of approximately $3,104,000 as of June 30, 2012 and 2011, which are being amortized over the term of the related bond issue using a method that approximates the interest method. Accumulated amortization was approximately $542,000 and $439,000 as of June 30, 2012 and 2011, respectively.

o. Statements of Activities

Transactions deemed to be ongoing, major, or central to the operations of the Administrative Offices are reported as operating revenues and expenses. Peripheral or incidental transactions, when material, are reported as non-operating gains or losses, as are investment returns over and above the predetermined spending rate. Grants and donations received and distributed to affiliates and expenses incurred relating to Hurricane Katrina (see Note 3) are reported as non-operating activities.

Changes in unrestricted net assets that are excluded from excess (deficiency) of unrestricted revenues, gains, and other support over expenses include changes in the additional minimum pension liability.

p. Contributed Support

The Administrative Offices recognizes all contributed support received as income in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant income received and expended in the same year is recorded as unrestricted revenue.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Contributed Support (Continued)

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted or as temporarily restricted depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Long-lived assets are reported as permanently restricted only if the Administrative Offices must maintain the assets in perpetuity or if the donor explicitly restricted the proceeds from any future disposition of the assets to reinvestment in long-lived assets.

q. Functional Allocation of Expenses

The costs of providing various programs and other activities of the Administrative Offices have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

r. Income Taxes

The Archdiocese is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of June 30, 2012 and 2011, management of the Administrative Offices believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

s. Reclassifications

During the year ended June 30, 2012, certain Portfolio A investments were determined to be commingled and common trust funds (Level 2), rather than mutual funds (Level 1). Accordingly, reclassifications were made to the June 30, 2011 Portfolio A balances (Note 17) to conform to the current year presentation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 10, 2012, which is the date the financial statements were available to be issued.

Note 3 - HURRICANE KATRINA AND RECOVERY

On August 29, 2005, Hurricane Katrina crossed the Louisiana coast causing catastrophic damage to many of the Archdiocese properties in the civil parishes of Orleans, Plaquemines, St. Bernard, Jefferson, and St. Tammany. As a result of the damage caused by Hurricane Katrina during fiscal 2006, the Archdiocese closed 6 church parishes and delayed the reopening of 23 church parishes and 18 schools. In addition, the Administrative Offices reduced non-clergy staff by approximately 30%.

The June 30, 2012 and 2011 financial statements reflect certain unusual items resulting from the effects of Hurricane Katrina on the operations of the Administrative Offices. The 2012 and 2011 Statements of Activities reflect approximately $36.2 million and $23.8 million, respectively, of grants and donations received and approximately $35.2 million and $25.7 million, respectively, of recovery-related expenses. Temporarily restricted net assets related to Hurricane Katrina Recovery totaling $2,000,177 remained unchanged as of June 30, 2012 and 2011.

Note 3 - HURRICANE KATRINA AND RECOVERY (Continued)

The following table presents information related to Hurricane Katrina recovery for the years ended June 30, 2012 and 2011:

	2012	2011
Unrestricted revenues:		
Unrestricted donations related to Hurricane Katrina	$ -	$ 2,000
Federal grant monies received	36,172,057	23,788,329
Net assets released from restrictions - Hurricane Katrina	-	1,538,302
Total unrestricted revenues related to Hurricane Katrina	36,172,057	25,328,631
Temporarily restricted revenues:		
Restricted donations related to Hurricane Katrina	-	120
Net assets released from restrictions - Hurricane Katrina	-	(1,538,302)
Total temporarily restricted revenues related to Hurricane Katrina	-	(1,538,182)
Total revenues related to Hurricane Katrina	$ 36,172,057	$ 23,790,449
Distributions - non-combined affiliated entities:		
Restricted donations received and distributed to affiliates	$ -	$ (1,538,302)
Unrestricted donations received and distributed to affiliates	(207,540)	(323,385)
Federal grant monies distributed to affiliates	(35,032,578)	(23,803,942)
Total distributions to non-combined affiliated entities	(35,240,118)	(25,665,629)
Administrative offices:		
Hurricane Katrina related expenses	-	-
Total expenses related to Hurricane Katrina	$ (35,240,118)	$ (25,665,629)

Note 3 - HURRICANE KATRINA AND RECOVERY (Continued)

The Archdiocese, through the operations of the Administrative Offices, serves as a conduit in providing insurance coverage to its affiliates including wind, flood, and business interruption (see Note 16). Actual affiliate insurance claims and proceeds received from insurance claims related to wind, flood, and business interruption resulting from Hurricane Katrina are not recorded in the operations of the Administrative Offices and are not included in the Statements of Activities herein. As of June 30, 2011, all insurance claims related to Hurricane Katrina were settled and the insurance proceeds were paid to the non-combined affiliated entities, except for $248,041 of flood insurance proceeds which is recorded as a liability in the accompanying Statements of Financial Position.

Note 4 - PLEDGES RECEIVABLE

As of June 30, 2012 and 2011, pledges receivable consist of the following:

	2012	2011
Receivable in less than one year	$ 200,000	$ 400,000
Receivables in one to five years	200,000	600,000
Totals	400,000	1,000,000
Unamortized discount	8,400	16,800
Net pledges receivable	$ 391,600	$ 983,200

During the year ended June 30, 2012, management of the Administrative Offices had discussions with a donor and determined that $400,000 of pledges receivable should be written off.

Remaining pledges receivable are considered fully collectible; accordingly, no allowance for uncollectible pledges has been provided. The $1,000,000 pledge recognized as income in the year ended June 30, 2010 is reflected at the present value of estimated future cash flows using a 1.4% discount rate.

Note 5 - LOANS RECEIVABLE FROM AFFILIATES

A summary of loans receivable from affiliates as of June 30, 2012 and 2011, is as follows:

	2012	2011
Parishes	$ 31,451,949	$ 33,562,517
Nursing homes	20,272,986	21,071,310
Archdiocesan-sponsored high schools	6,146,573	6,204,933
Real estate - Affordable Housing Ministries	6,084,453	3,963,254
Other school-related loans	558,214	2,570,667
Other	6,254,540	4,407,982
Total loans	70,768,715	71,780,663
Less allowance for doubtful receivables	(12,727,913)	(12,916,386)
Total loans - net	$ 58,040,802	$ 58,864,277

A summary of loans receivable from affiliates based on interest-accrued status as of June 30, 2012 and 2011 is as follows:

	2012	2011
Balances on which interest is accrued	$ 55,630,266	$ 58,330,356
Balances on which interest is not accrued	15,138,449	13,450,307
Totals	$ 70,768,715	$ 71,780,663

Note 6 - INVESTMENTS

The Administrative Offices' investments are held in pooled assets and separately invested portfolios. Pooled assets represent funds that are invested in a commingled portfolio of investments, as opposed to the separately invested assets which have segregated investments. Investments are recorded at fair value as of June 30, 2012 and 2011, and consist of the following:

	2012	2011
Pooled asset portfolio:		
Cash and cash equivalents	$ 2,244,509	$ 4,393,347
U.S. government and agency obligations	11,977,055	13,590,118
Corporate and foreign obligations	11,119,005	8,825,470
Collateralized mortgage obligations	2,308,469	5,915,758
Asset backed securities	569,721	-
Corporate stocks	5,246,722	4,533,520
Mutual funds	35,851,021	34,456,507
Exchange traded funds	7,904,821	4,220,458
Commingled fund	6,366,304	5,919,701
Common trust funds	35,370,214	48,049,761
Limited partnerships	14,665,454	15,421,263
Segregated portfolio companies	6,822,473	-
Total pooled asset portfolio	140,445,768	145,325,903
Separately invested portfolio:		
Cash and cash equivalents	8,228,979	11,031,841
Government and agency obligations	11,429,233	13,900,177
Corporate obligations	11,098,640	10,468,340
Investment in Catholic Umbrella Pool	981,697	1,049,318
Municipal obligations	45,176,334	34,902,059
Collateralized mortgage obligations	4,818,194	4,284,915
Asset backed securities	-	191,921
Total separately invested portfolio	81,733,077	75,828,571
Totals	$ 222,178,845	$ 221,154,474

Note 6 - INVESTMENTS (Continued)

As of June 30, 2012 and 2011, investments are comprised of amounts owned by the Administrative Offices and funds held for others as follows:

	2012	2011
Administrative Offices:		
Restricted for debt service	$ 6,171,487	$ 6,201,487
Other	155,477,382	158,213,561
	161,648,869	164,415,048
Funds held for others	60,529,976	56,739,426
Totals	$ 222,178,845	$ 221,154,474

Net investment income for the years ended June 30, 2012 and 2011, is comprised of the following:

	2012	2011
Interest, dividends, and realized gains (losses) - net	$ 4,778,648	$ 5,895,183
Unrealized gains (losses) - net	3,988,089	12,794,863
Total net investment income	$ 8,766,737	$ 18,690,046
Investment return designated for current operations:		
Unrestricted	$ 3,473,777	$ 2,200,090
Temporarily restricted	50,020	704,909
	3,523,797	2,904,999
Investment return - non-operating:		
Unrestricted	5,159,445	12,204,045
Temporarily restricted	83,495	3,581,002
	5,242,940	15,785,047
Total net investment income	$ 8,766,737	$ 18,690,046

Note 6 - INVESTMENTS (Continued)

Investment income is reported net of investment fees. Investment fees were approximately $440,000 and $350,000 for the years ended June 30, 2012 and 2011, respectively.

Note 7 - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment include certain properties which are owned by the Archdiocese but are used in the operations of certain non-combined affiliated entities. Additionally, included in land, buildings, and equipment is land held for future development by the Archdiocese, as detailed below.

The composition of land, buildings, and equipment and accumulated depreciation as of June 30, 2012 and 2011, is summarized as follows:

	2012	2011
Administrative offices:		
Land	$ 3,872,131	$ 3,207,537
Buildings and improvements	24,321,094	21,932,500
Furniture and fixtures	1,482,052	1,337,869
Transportation equipment	34,485	22,985
	29,709,762	26,500,891
Less accumulated depreciation	(15,448,948)	(14,937,765)
Subtotals	14,260,814	11,563,126
Non-combined affiliated entities:		
Land	6,723,128	6,723,128
Buildings and improvements	36,109,820	34,971,434
	42,832,948	41,694,562
Less accumulated depreciation	(16,650,499)	(15,955,062)
Subtotals	26,182,449	25,739,500
Land held for future development (includes $190,625 of land, the use of which is restricted)	8,290,465	8,088,175
Totals	$ 48,733,728	$ 45,390,801

Note 7 - LAND, BUILDINGS, AND EQUIPMENT (Continued)

As of June 30, 2011, Administrative Offices' land, buildings and improvements cost included $1,736,917 of construction in progress related to Camp Abbey youth camp facilities in Covington, Louisiana. The facility was available for services in September 2011 at a total cost of $3,984,406.

As of June 30, 2012, non-combined affiliated entities' land, buildings and improvement cost included $1,190,483 of construction in progress related to Academy of Our Lady in Marrero, Louisiana.

Depreciation expense for the years ended June 30, 2012 and 2011 was $1,206,620 and $1,135,953, respectively, and is reported in the Statements of Activities by functional category as follows:

	2012	2011
Program services	$ 128,166	$ 55,237
Supporting services	1,078,454	1,080,696
Totals	$ 1,206,620	$ 1,135,933

Note 8 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

During the fiscal year ended June 30, 2001, the Administrative Offices received possession of a 20% interest in the assets of the Margaret Ellen Lauer Estate (the "Estate"). However, certain assets from the Estate were placed in a charitable remainder trust. The Administrative Offices' interest in this charitable remainder trust is as follows:

	2012	2011
Contribution receivable	$ 785,264	$ 783,170
Less discount to net present value	(268,646)	(291,236)
Beneficial interest in charitable remainder trust	$ 516,618	$ 491,934

The present values are calculated using a discount rate equal to 5% and the applicable mortality tables pertinent to trust beneficiaries.

All amounts are considered to be long-term since the dates of the distribution of the trust are uncertain.

Note 9 - BONDS PAYABLE

In March 2007, the Archdiocese completed a refinancing for the purpose of advance refunding certain bonds and providing for the financing of certain capital projects of the Archdiocese and non-combined affiliated entities. The Louisiana Public Facilities Authority issued the $69.15 million par value 2007 Series Revenue and Revenue Refunding Bonds at a premium of $1.3 million. Approximately $14.8 million of the proceeds were designated for the refunding of all outstanding principal and accrued interest on the 2001A Series Bonds, which were previously outstanding as of June 30, 2006, and the 2002C Series Bonds which were previously guaranteed by the Administrative Offices on behalf of certain non-combined affiliated entities. Amounts under the 2002C Series which were refunded by the 2007 Series were converted to loans receivable from the original obligated parties. Debt service on the bonds is provided in part by collections on these loans receivable. The 2007 bonds were issued at fixed rates ranging from 4.5% to 5% and are secured by an assignment of all presently existing and future revenues of the Archdiocese as defined in the loan agreement.

The bonds require the Administrative Offices to maintain certain covenants under the terms of the bond agreement. As of June 30, 2012, management of the Administrative Offices was not aware of any violation of the covenants.

The aggregate maturities of the bonds payable as of June 30, 2012, are as follows:

Years Ending June 30,	
2013	$ -
2014	1,325,000
2015	1,395,000
2016	1,465,000
2017	1,540,000
2018 - 2038	57,630,000
Subtotal	63,355,000
Unamortized bond premium	976,955
	$ 64,331,955

Note 10 - RETIREMENT PLANS

The Administrative Offices offers a 401(k) defined contribution plan (the "401(k) Plan") to its lay employees and employees of affiliates. Employees electing to participate in the 401(k) Plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a maximum of 16%. The 401(k) Plan requires the Administrative Offices to contribute 3.5% of the participants' salaries. Retirement plan expenses also include an additional 2% contribution by the Administrative Offices to cover costs for life insurance and disability insurance for the employees. Any remaining funds from the 2% contribution may be used as a discretionary employer contribution to the 401(k) Plan. The 401(k) Plan administrator is the Archdiocese. The Administrative Offices contributed approximately $224,000 and $204,000 for the years ended June 30, 2012 and 2011, respectively.

Incardinated priests of the Archdiocese whose retirement from active service is duly accepted by the Archbishop are eligible for retirement benefits under an unfunded retirement plan (the "Plan"). The Administrative Offices has elected to account for these retirement benefits under accounting principles generally accepted in the United States of America as a defined benefit pension plan.

FASB ASC 715-20 requires an employer to recognize the overfunded or underfunded status of defined benefit pension and postretirement plans as an asset or liability in its balance sheets and to recognize changes in that funded status in the year in which the changes occur through net assets for not-for-profit entities.

Note 10 - RETIREMENT PLANS (Continued)

The following table as of June 30, 2012 and 2011 sets forth the Plan's change in benefit obligation, change in Plan assets, and the funded status of the Plan:

	2012	2011
Change in benefit obligation:		
Projected benefit obligation - beginning of year	$ (30,540,026)	$ (28,265,869)
Service cost	(434,228)	(367,850)
Interest cost	(1,615,209)	(1,439,517)
Amendments	-	(694,642)
Actuarial loss	(4,696,434)	(1,154,404)
Benefits paid	1,389,699	1,382,256
Projected benefit obligation - end of year	(35,896,198)	(30,540,026)
Change in plan assets:		
Fair value of plan assets - beginning of year	-	-
Employer contributions made	1,389,699	1,382,256
Benefits paid	(1,389,699)	(1,382,256)
Fair value of plan assets - end of year	-	-
Funded status - (deficit)	$ (35,896,198)	$ (30,540,026)
Amounts recognized in the Statements of Financial Position consist of:		
Accrued pension liability	$ (35,896,198)	$ (30,540,026)
Unrestricted net assets		
Net (gain)/loss	$ 11,188,755	$ 6,725,032
Prior service cost	1,151,994	1,294,730
Transition obligation	2,101,634	2,952,497
Totals	$ 14,442,383	$ 10,972,259

Note 10 - RETIREMENT PLANS (Continued)

The actuarial present value of the projected benefit obligation was computed using a weighted-average discount rate of 4.440% and 5.430% as of June 30, 2012 and 2011, respectively. Because benefit payments are based on years of service rather than compensation levels, there is no difference between the accumulated and projected benefit obligation.

Net periodic pension cost for the years ended June 30, 2012 and 2011, includes the following components:

	2012	2011
Service costs - benefits earned during the periods	$ 434,228	$ 367,850
Interest cost on projected benefit obligation	1,615,209	1,439,517
Amortization of transition obligation	850,863	850,863
Amortization of net loss	232,711	184,778
Amortization of prior service cost	142,736	98,702
Net periodic pension cost	$ 3,275,747	$ 2,941,710

The net periodic pension cost was computed using a weighted-average discount rate of 5.430% and 5.240% for the years ended June 30, 2012 and 2011, respectively.

The Administrative Offices currently expects to make benefit payments and contributions to the Plan of approximately $1,619,000 in fiscal year 2013.

The estimated net loss, prior service cost, and transition obligation for the Plan that will be amortized from accumulated unrestricted net assets into net periodic benefit cost over the next fiscal year is estimated at $483,603, $142,736 and $850,863, respectively.

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of June 30, 2012, are as follows:

Years Ending June 30,	
2013	$ 1,618,555
2014	1,676,079
2015	1,691,194
2016	1,676,696
2017	1,683,545
2018 - 2022	9,179,745
	$ 17,525,814

Note 11 - NET ASSETS

Unrestricted net assets as of June 30, 2012 and 2011 were $41,657,739 and $45,704,753, respectively.

Temporarily restricted net assets as of June 30, 2012 and 2011 consist of the following:

	2012	2011
School Endowment	$ 825,045	$ 5,157,201
Infirm priests	5,222,495	4,997,416
Hurricane Katrina Recovery	2,000,177	2,000,177
Cathedral Capital Campaign	899,581	884,068
Margaret Lauer	795,505	770,821
Burses	284,280	384,471
Hector Ragas	280,901	279,421
Disaster Fund	163,762	220,552
Cummings land donation	127,125	127,125
Other - miscellaneous	459,765	456,272
Totals	$ 11,058,636	$ 15,277,524

The following temporarily restricted net assets were released during the years ended June 30, 2012 and 2011, due to satisfaction of program restrictions:

	2012	2011
School Endowment	$ 4,406,000	$ 172,000
Infirm priests	177,000	148,000
Hurricane Katrina Recovery	-	1,538,302
Burses	116,000	97,000
Disaster Fund	121,000	206,011
Other - miscellaneous	63,365	117,684
Totals	$ 4,883,365	$ 2,278,997

Note 11 - NET ASSETS (Continued)

Permanently restricted net assets as of June 30, 2012 and 2011 consist of endowment funds and are held as follows:

	2012	2011
School Endowment	$ 11,152,537	$ 11,152,537
Burses	1,921,582	1,874,916
St. Louis Cathedral	1,000,000	1,000,000
Totals	$ 14,074,119	$ 14,027,453

Note 12 - CONCENTRATIONS OF CREDIT RISK

The Administrative Offices maintains a substantial amount of cash in certain banks, which at times may exceed federally insured deposit limits. The Administrative Offices has not experienced any loss in such accounts and management believes that the Administrative Offices is not exposed to any significant credit risk related to the cash in banks. As of June 30, 2012, the Administrative Offices had no uninsured bank deposits.

The Administrative Offices extends unsecured credit to non-combined affiliated entities, as further explained in Note 2. Financial instruments that potentially subject the Administrative Offices to credit risk include these accounts, which are shown on the statements of financial position as accounts and loans receivable.

Note 13 - RELATED-PARTY TRANSACTIONS

The Archbishop of New Orleans serves as president of the Archdiocese. He also serves as the controlling member of all other corporations, boards of trustees, and separate activities sponsored by, or operated under, the auspices of the Archdiocese. In the normal course of operations, the Administrative Offices has made and will, when necessary, make available to these non-combined affiliated entities, specific assistance in the form of operating subsidies, loans, use of facilities, and/or administrative support. The Administrative Offices receives income from affiliates in the form of assessments to cover insurance and other administrative costs. In addition, the Administrative Offices pays interest on deposits payable to affiliates and collects interest on loans receivable from affiliates.

Note 13 - RELATED-PARTY TRANSACTIONS (Continued)

In lieu of rental payments for the use of facilities, non-combined affiliated entities pay insurance and repairs and maintenance for the facilities. The provision of the facilities is not recorded as an in-kind contribution and related rental income by the Administrative Offices. The values of the land and buildings are not readily determinable. These rental agreements are classified as exchange transactions because both parties receive significant value from these arrangements.

Other related party transactions include formation of and premium payments to a captive insurance company (Note 16) and subsidies to several archdiocesan elementary schools and Notre Dame Seminary (Note 15).

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of these instruments.

Loans Receivable From Affiliates - The carrying amount approximates fair value because amounts not reserved generally bear interest at market rates.

Investments - The carrying amounts of the marketable investment securities reported on the Statements of Financial Position are predominately based on quoted market prices and other observable inputs. See Note 17 for a discussion of fair value measurements.

Bonds Payable - The carrying value of long-term debt as of June 30, 2012 and 2011 is $64,331,955 and $65,656,862, respectively, which approximates fair value.

Limitations - Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Note 15 - ENDOWMENT

The Endowments. The Administrative Offices' endowment consists of three individual funds established for specific purposes. Endowment assets include those assets of donor-restricted funds that the Administrative Offices must hold in perpetuity or for a donor-specified period. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Administrative Offices has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring preservation of the purchasing power (real value) of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Administrative Offices classifies the following amounts as permanently restricted net assets in the accompanying financial statements: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Administrative Offices in a manner consistent with the language of UPMIFA.

In accordance with UPMIFA, the Administrative Offices considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Administrative Offices and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Administrative Offices
- The investment policies of the Administrative Offices

Note 15 - ENDOWMENT (Continued)

Endowment fund net asset composition by type of fund as of June 30, 2012 and 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Fund Net Assets
June 30, 2012				
Donor-restricted Endowments:				
School Endowment Funds	$ -	$ 825,045	$ 11,152,537	$ 11,977,582
Other	-	1,183,861	2,921,582	4,105,443
Totals	$ -	$ 2,008,906	$ 14,074,119	$ 16,083,025
June 30, 2011				
Donor-restricted Endowments:				
School Endowment Funds	$ -	$ 5,157,201	$ 11,152,537	$ 16,309,738
Other	-	1,268,539	2,874,916	4,143,455
Totals	$ -	$ 6,425,740	$ 14,027,453	$ 20,453,193

Changes in endowment fund net assets for the years ended June 30, 2012 and 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Fund Net Assets
Net assets, July 1, 2010	$ -	$ 3,140,088	$ 14,024,100	$ 17,164,188
Contributions	-	-	3,353	3,353
Investment earnings:				
Realized gains	-	382,925	-	382,925
Unrealized gains	-	3,171,727	-	3,171,727
Net asset releases	-	(269,000)	-	(269,000)
Net assets, June 30, 2011	-	6,425,740	14,027,453	20,453,193
Contributions	-	-	46,666	46,666
Investment earnings:				
Realized gains	-	506,528	-	506,528
Unrealized gains(losses)	-	(401,362)	-	(401,362)
Net asset releases	-	(4,522,000)	-	(4,522,000)
Net assets, June 30, 2012	$ -	$ 2,008,906	$ 14,074,119	$ 16,083,025

Note 15 - ENDOWMENT (Continued)

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Administrative Offices to retain as a fund of perpetual duration. As of June 30, 2012 and 2011, no deficiencies existed.

Return Objectives and Risk Parameters - The Administrative Offices has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, the performance objective is to exceed by 100 basis points a target annualized rate of return equal to the aggregate of inflation, spending rate and administrative costs, over a full market cycle (defined as market peak to market peak) without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is expected that the portfolio will outperform its weighted benchmark index by 50 basis points and rank in the top half of the appropriate balanced universe over a full market cycle. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - Because the Archdiocese is expected to endure indefinitely, and because inflation is a key component in its performance objective, the long-term risk of not investing in equity securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs. Other asset classes are included to provide diversification and incremental return (e.g. small cap equities, international equities, etc.). The Administrative Offices targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Administrative Offices authorized a policy of appropriating for distribution each year (spending rate) a maximum of 5% of the prior year market value of the endowment funds. This is consistent with its objective to maintain the purchasing power of donor-restricted funds.

During the year ended June 30, 2012, the Administrative Offices deviated from this policy to fund deficits at several archdiocesan elementary schools and to fund operating and capital subsidies at Notre Dame Seminary, which in aggregate, totaled $4,406,000. The

Note 15 - ENDOWMENT (Continued)

Notre Dame Seminary operating and elementary school subsidies which totaled $2,406,000 are classified as Christian Formation Expense in the Statement of Activities. The Notre Dame Seminary capital subsidy which totaled $2,000,000 is classified as Clergy Expense in the Statement of Activities.

Note 16 - COMMITMENTS AND CONTINGENCIES

Commitments - The Administrative Offices has agreed to provide financing via the cooperative lending program (see Note 2e) to individual church parishes for capital expenditures. As of June 30, 2012, such commitments totaled approximately $36,500,000.

On April 28, 2011, the Administrative Offices entered into a contract totaling $1,967,695 for architect and design fees related to the construction of Academy of Our Lady in Marrero, Louisiana. As of June 30, 2012, $1,138,386 of the contract total had been billed. The total project cost is budgeted for $33 million. The majority of the project cost is to be funded by a federal grant. As of December 10, 2012, the construction contract for this project has not been bid.

In February 2009, the Administrative Offices subscribed to a $7,000,000 investment in Siguler Guff Distressed Opportunity Fund III, L.P. As of June 30, 2012, $5,530,000 of this investment was funded. In October 2010, the Administrative Offices subscribed to a $4,000,000 investment in Siguler Guff Distressed Opportunity Fund IV, L.P. As of June 30, 2012, $1,720,000 of this investment was funded.

Guarantees - As of June 30, 2012, the Administrative Offices has guaranteed $1.3 million of indebtedness of a non-combined affiliate.

Self-Insurance Programs - The Archdiocese, through the operations of the Administrative Offices, serves as a conduit in providing insurance coverage to its affiliates. Prior to July 1, 2011, the Administrative Offices assessed premiums to the various entities based on relevant factors for each type of coverage and retained all of the related risk of self-insurance liability. The accrued liability for self-insured claims on the accompanying Statements of Financial Position represents the estimated reserves for all of the covered entities for claims occurring prior to July 1, 2011.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

For claims prior to July 1, 2011, the Archdiocese is self-insured as follows:

General, Property, and Auto Liability - The Archdiocese is self-insured for $200,000 per occurrence up to an annual aggregate limit of $1,500,000 through June 30, 2003, and $1,750,000 thereafter. The Archdiocese is a subscribing member in the Catholic Umbrella Pool (the "CUP"). The CUP provides the Archdiocese with reinsurance for amounts in excess of its primary layer of insurance coverage of $1,500,000 through June 30, 2003, and $1,750,000 from July 1, 2003 and thereafter, with excess coverage limits of $25,000,000 in the aggregate. The Archdiocese has an equity investment in the CUP of approximately $982,000 and $1,049,000 as of June 30, 2012 and 2011, respectively.

Workers' Compensation - The Archdiocese is self-insured for workers' compensation claims for the first $225,000 per occurrence for claims occurring prior to July 1, 2002, for the first $750,000 per occurrence for claims occurring between July 1, 2002 and June 30, 2009, and for workers' compensation claims for the first $800,000 per occurrence for claims occurring subsequent to June 30, 2009.

The Archdiocese is also self-insured for claims relating to breaches of personal conduct. The self-insured portion applies to claims in excess of annual aggregate limits (which includes reinsurance for amounts provided by the CUP) as follows: amounts in excess of $100,000 from July 1, 1990 to July 1, 1993; amounts in excess of $650,000 from July 1, 1993 to July 1, 1998; and amounts in excess of $1,000,000 for claims after July 1, 1998.

The Archdiocese has reflected its estimate of the ultimate liability for all known and incurred but not reported claims in the accompanying financial statements. The estimated reserves for these claims are undiscounted and are approximately $5,126,000 and $6,760,000 as of June 30, 2012 and 2011, respectively.

On June 28, 2011, Archdiocese of New Orleans Indemnity, Inc. ("ANOI"), a captive insurance company was created to help lower the insurance costs associated with managing the risks of the parishes and various non-combined affiliated entities. ANOI is a wholly-owned subsidiary of a subsidiary of the Archdiocese.

For claims occurring subsequent to June 30, 2011, ANOI provides deductible reimbursement property, auto liability and physical damage, workers' compensation, breach of personal conduct, and general liability coverages to the Archdiocese. The Archdiocese is self-insured for claims for breach of personal conduct in excess of $3,000,000.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

Asset Retirement Obligations - In accordance with FASB ASC 410-20, an entity is required to recognize a liability for the fair market value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. The corresponding cost is capitalized as part of the carrying amount of the related long-lived asset as of the obligating event date. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized.

As of June 30, 2006, the Administrative Offices recognized obligations associated with the future retirement of long-lived assets. Asbestos abatement costs were added to the carrying value of the Administrative Offices' building cost. The recorded net book value of the abatement costs totaled approximately $384,000 and $405,000 as of June 30, 2012 and 2011, respectively.

Estimated asset retirement obligations of approximately $782,000 and $745,000 as of June 30, 2012 and 2011, respectively, were recorded as part of accrued expenses and other liabilities.

Contingencies - The Archdiocese has certain pending and threatened litigation and claims; however, management believes the probable resolution of such contingencies will not exceed the established reserves or insurance coverage, and will not materially affect its financial position. It is reasonably possible that estimates included in the financial statements related to these contingencies may change in the near term.

Note 17 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value. Fair value concepts are applied in recording investments and certain other assets and liabilities.

FASB ASC 820 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. These levels include:

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used as of June 30, 2012 and 2011, except as described in Note 2s.

Government obligations and corporate stocks - Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.

Money market funds, mutual funds, and exchange traded funds - Valued at quoted market prices, which represent the net asset value per unit. These are included in Level 1 of the fair value hierarchy.

Government agency mortgage obligations, municipal obligations, corporate and foreign obligations, collateralized mortgage obligations, and asset-backed securities - Valued by independent pricing vendors used by the custodians of the investments. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the models used by the pricing vendors are derived from market observable sources including benchmark yields, reported trades, broker/dealer quotes, and other market related data. Since many of these fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information including benchmark curves, benchmarking of like securities, and matrix pricing. These investments are included in Level 2 of the fair value hierarchy.

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

Common trust and commingled funds, segregated portfolio companies, and limited partnerships - Valued, as a practical expedient, using the net asset values reported by the investee. The net asset values are determined based on the fair values of the underlying investments of the funds or partnerships. Common trust and commingled funds are included in Level 2 of the fair value hierarchy. Due to the nature of the portfolio of the underlying investments and/or restrictions on the disposition of the investment, the Administrative Offices' investments in segregated portfolio companies and limited partnerships are included in Level 3 of the fair value hierarchy.

Bond Funds - The Administrative Offices uses quoted market prices which represent the net asset value per unit to value the money market fund included in this group of investments. The money market fund is classified within Level 1 of the fair value hierarchy. The other investment included in this group is a corporate obligation which is valued by the Administrative Offices at par and is classified within Level 2 of the fair value hierarchy.

Investment in the Catholic Umbrella Pool - The Administrative Offices values its investment in this pool based on information provided by the pool manager. This investment is classified within Level 2 of the fair value hierarchy.

Beneficial Interest in Charitable Remainder Trust - The Administrative Offices values its investment in this trust based on present value calculations (Note 8) applied to the fair value of trust assets. This investment is classified within Level 2 of the fair value hierarchy.

Asset Retirement Obligation - The Administrative Offices calculates this liability based on an original cost estimate of the obligation and accretes such amount to its present value each year.

Accrued Pension Liability - The Administrative Offices uses actuarial services to calculate the present value of the projected benefit obligation (Note 10).

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Administrative Offices believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 and 2011 are comprised of and determined as follows:

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2012 Description	Total Assets and Liabilities Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio A				
Cash and money market funds	$ 2,244,509	$ 2,244,509		
Government obligations	4,049,909	4,049,909		
Government agency mortgage obligations	7,927,146		$ 7,927,146	
Corporate obligations (a)				
Aa3	34,001		34,001	
A1	49,974		49,974	
A2	427,651		427,651	
A3	540,191		540,191	
Baa1	735,087		735,087	
Baa2	1,630,614		1,630,614	
Baa3	1,223,163		1,223,163	
Ba1	741,265		741,265	
Ba2	1,102,392		1,102,392	
Ba3	1,255,213		1,255,213	
B1	1,096,931		1,096,931	
B2	1,043,551		1,043,551	
B3	729,783		729,783	
Caa2	34,650		34,650	
Foreign obligations (a)				
Aa2	195,741		195,741	
Ba1	100,273		100,273	
Ba2	112,375		112,375	
B2	66,150		66,150	
Collateralized mortgage obligations (a)				
Aaa	707,010		707,010	
Aa1	22,005		22,005	
Aa3	94,776		94,776	
Baa2	159,841		159,841	
Baa3	25,566		25,566	
Ba1	112,162		112,162	
Ba2	86,649		86,649	
Ba3	173,383		173,383	
B1	131,378		131,378	
B2	82,153		82,153	
B3	119,929		119,929	
Not rated	593,617		593,617	
Asset-backed securities				
Aa1	34,555		34,555	
Aa2	100,627		100,627	
Aa3	118,723		118,723	
A1	28,179		28,179	
A2	287,637		287,637	

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2012 Description	Total Assets and Liabilities Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio A (Continued)				
Corporate stocks				
Basic Materials	359,989	359,989		
Consumer Goods	450,547	450,547		
Financial	1,448,782	1,448,782		
Healthcare	270,476	270,476		
Industrial Goods	489,286	489,286		
Services	1,328,311	1,328,311		
Technology	772,202	772,202		
Utilities	127,129	127,129		
Mutual funds				
U.S. large blend	3,017,822	3,017,822		
Foreign large blend	18,854,483	18,854,483		
Real estate	8,708,862	8,708,862		
World bond	5,269,854	5,269,854		
Exchange traded funds				
Commodity index	4,436,210	4,436,210		
Large value	3,120,180	3,120,180		
Other	348,431	348,431		
Commingled fund				
Fidelity Real Estate High Income	6,366,304		6,366,304	
Common trust funds				
SSgA S&P 500 Index Securities Lending QP Common Trust Fund	13,687,017		13,687,017	
SSgA S&P MidCap 400 Index Securities Lending QP Common Trust Fund	21,683,197		21,683,197	
Limited partnerships				
Siguler Guff Distressed Opportunity Fund III, LP	6,478,944			6,478,944
Siguler Guff Distressed Opportunity Fund IV, LP	1,646,699			1,646,699
Kayne Anderson MLP Fund, L.P.	5,718,629			5,718,629
Meridian Diversified Fund, Ltd., L.P.	821,182			821,182
Segregated portfolio companies				
ABS Offshore SPC Global Segregated Portfolio Class B	6,082,498			6,082,498
MDFLTD Cerberus March 2009 Segregated Portfolio	385,806			385,806
MDFLTD HF March 2009 Segregated Portfolio	354,169			354,169
Total Portfolio A	140,445,768	55,296,982	63,660,859	21,487,927

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2012 Description	Total Assets and Liabilities Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio B				
Money market fund	6,609,567	6,609,567		
Collateralized mortgage obligations (a)				
Aaa	2,799,522		2,799,522	
Aa2	531,668		531,668	
A3	98,692		98,692	
Not rated	1,388,312		1,388,312	
Government agency mortgage obligations	6,365,798		6,365,798	
Corporate obligations (a)				
Aa3	508,055		508,055	
A1	1,182,268		1,182,268	
A2	1,602,605		1,602,605	
A3	2,257,977		2,257,977	
Baa1	995,660		995,660	
Government agency obligations	5,063,435		5,063,435	
Municipal obligations (a)				
Aaa	795,958		795,958	
Aa1	1,346,820		1,346,820	
Aa2	2,573,894		2,573,894	
Aa3	39,234,045		39,234,045	
A1	268,559		268,559	
A2	701,067		701,067	
Baa2	255,991		255,991	
Total Portfolio B	74,579,893	6,609,567	67,970,326	-
Bond Funds				
Money market fund	1,619,412	1,619,412		
Corporate obligation (a)				
Aa2	4,552,075		4,552,075	
Total bond funds	6,171,487	1,619,412	4,552,075	-
Investment in Catholic Umbrella Pool	981,697	-	981,697	-
Total investments	$ 222,178,845	$ 63,525,961	$ 137,164,957	$ 21,487,927

(a) Based on Moody's bond credit rating.

Beneficial Interest in Charitable Remainder Trust	$ 516,618	$ -	$ 516,618	$ -
Liabilities, at Fair Value				
Asset Retirement Obligation - included in accrued expenses and other	$ 782,392			$ 782,392
Accrued Pension Liability	35,896,198	$ -	$ 35,896,198	-
Total liabilities	$ 36,678,590	$ -	$ 35,896,198	$ 782,392

Note 17 - **FAIR VALUE MEASUREMENTS (Continued)**

June 30, 2011 Description	Total Assets and Liabilities Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio A				
Cash and money market funds	$ 4,393,347	$ 4,393,347		
Government obligations	6,415,211	6,415,211		
Government agency mortgage obligations	7,174,907		$ 7,174,907	
Corporate obligations (a)				
Aa2	347,162		347,162	
Aa3	524,134		524,134	
A1	628,988		628,988	
A3	608,933		608,933	
Baa1	502,375		502,375	
Baa2	912,335		912,335	
Baa3	1,177,078		1,177,078	
Ba1	499,533		499,533	
Ba2	655,292		655,292	
Ba3	762,617		762,617	
B1	758,448		758,448	
B2	364,962		364,962	
B3	145,500		145,500	
Caa2	93,120		93,120	
Not rated	58,625		58,625	
Foreign obligations (a)				
Aaa	282,324		282,324	
Baa1	60,691		60,691	
Baa2	218,865		218,865	
Ba1	80,063		80,063	
Ba2	111,500		111,500	
B2	32,925		32,925	
Collateralized mortgage obligations (a)				
Aaa	2,067,077		2,067,077	
Aa1	37,149		37,149	
Aa2	100,177		100,177	
Aa3	287,487		287,487	
A2	290,208		290,208	
Baa2	155,845		155,845	
Baa3	100,380		100,380	
Ba1	39,916		39,916	
Ba2	129,248		129,248	
Ba3	192,930		192,930	
B2	105,776		105,776	
B3	138,599		138,599	
Not rated	2,270,966		2,270,966	
Corporate stocks				
Basic Materials	526,335	526,335		
Consumer Goods	582,748	582,748		
Financial	1,305,759	1,305,759		
Healthcare	150,437	150,437		
Industrial Goods	562,164	562,164		
Services	901,393	901,393		
Technology	252,861	252,861		
Utilities	251,823	251,823		

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2011 Description	Total Assets and Liabilities Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Portfolio A (Continued)				
Mutual funds				
Foreign large blend	20,547,456	20,547,456		
Real estate	8,593,534	8,593,534		
Bond funds	5,315,517	5,315,517		
Exchange traded funds	4,220,458	4,220,458		
Commingled fund				
Fidelity Real Estate High Income	5,919,701		5,919,701	
Common trust funds				
SSgA S&P 500 Index Securities Lending QP Common Trust Fund	23,821,581		23,821,581	
SSgA S&P MidCap 400 Index Securities Lending QP Common Trust Fund	22,112,293		22,112,293	
SSgA US Tips	2,115,887		2,115,887	
Limited partnerships				
Siguler Guff Distressed Opportunity Fund III, LP	6,417,401			$ 6,417,401
Siguler Guff Distressed Opportunity Fund IV, LP	809,454			809,454
Meridian Diversified Fund, Ltd.	8,194,408			8,194,408
Total Portfolio A	145,325,903	54,019,043	75,885,597	15,421,263
Portfolio B				
Money market fund	9,382,429	9,382,429		
Asset backed securities (a)				
Aaa	191,921		191,921	
Collateralized mortgage obligations (a)				
Aaa	3,165,168		3,165,168	
Not rated	1,119,747		1,119,747	
Government agency mortgage obligations	6,092,884		6,092,884	
Corporate obligations (a)				
Aa2	504,440		504,440	
Aa3	579,825		579,825	
A1	504,880		504,880	
A2	1,519,250		1,519,250	
A3	1,263,370		1,263,370	
Baa1	1,019,550		1,019,550	
Baa2	524,950		524,950	
Government agency obligations	7,807,293		7,807,293	
Municipal obligations (a)				
Aaa	313,091		313,091	
Aa1	616,287		616,287	
Aa2	1,584,684		1,584,684	
Aa3	31,917,044		31,917,044	
A1	165,088		165,088	
A2	305,865		305,865	
Total Portfolio B	68,577,766	9,382,429	59,195,337	-

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2011 Description	Total Assets and Liabilities Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Bond Funds				
Money market fund	1,649,412	1,649,412		
Corporate obligation (a)				
Aa2	4,552,075		4,552,075	
Total bond funds	6,201,487	1,649,412	4,552,075	-
Investment in Catholic Umbrella Pool	1,049,318	-	1,049,318	-
Total investments	$ 221,154,474	$ 65,050,884	$ 140,682,327	$ 15,421,263
Beneficial Interest in Charitable Remainder Trust	$ 491,934	$ -	$ 491,934	$ -

(a) Based on Moody's bond credit rating.

Liabilities, at Fair Value				
Asset Retirement Obligation - included in accrued expenses and other	$ 745,135			$ 745,135
Accrued Pension Liability	30,540,026	$ -	$ 30,540,026	-
Total liabilities	$ 31,285,161	$ -	$ 30,540,026	$ 745,135

The Statements of Financial Position as of June 30, 2012 and 2011 include the following assets which are measured at fair value on a non-recurring basis: donated historical treasures included in other assets totaling $122,000 (Level 3) and donated land in an undetermined amount (Level 3) which are valued at estimated or appraised fair value as of the time of the donations.

Exhibit D
(Continued)

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

The table below sets forth a summary of changes in the fair value of the Administrative Offices' Level 3 assets and liability for the years ended June 30, 2012 and 2011.

	Limited Partnerships				Segregated Portfolio Companies				
	Siguler Guff Distressed Opportunity Fund III, L.P.	Siguler Guff Distressed Opportunity Fund IV, L.P.	Meridian Diversified Fund, Ltd. L.P.	Kayne Anderson MLP Fund, L.P.	ABS Offshore SPC Global Class B	MDFLTD Cerberus March 2009	MDFLTD HF March 2009	Totals	Asset Retirement Obligation
Balance July 1, 2010	$ 5,995,205	$ -	$ 7,692,035	$ -	$ -	$ -	$ -	$ 13,687,240	$ 709,653
Purchases and capital contributions	280,000	880,000						1,160,000	
Income, gains, and (losses)	142,196	(70,546)	502,373					574,023	
Exchanges in and (out)								-	
Sales and distributions								-	
Accretion								-	35,482
Balance June 30, 2011	6,417,401	809,454	8,194,408	-	-	-	-	15,421,263	745,135
Purchases and capital contributions	350,000	840,000		6,000,000	6,000,000			13,190,000	
Income, gains, and (losses)	173,265	(2,755)	355	(281,371)	82,498	22,756	13,390	8,138	
Exchanges in and (out)			(811,281)			409,738	401,543	-	
Sales and distributions	(461,722)		(6,562,300)			(46,688)	(60,764)	(7,131,474)	
Accretion								-	37,257
Balance June 30, 2012	$ 6,478,944	$ 1,646,699	$ 821,182	$ 5,718,629	$ 6,082,498	$ 385,806	$ 354,169	$ 21,487,927	$ 782,392

The following table presents total gains (losses) for each year ended included in changes in net assets attributable to the change in unrealized gain (loss) related to investments still held as of each year end.

June 30, 2011	$ 142,196 *	$ (70,546) *	$ 502,373 *	$ -	$ -	$ -	$ -	$ 574,023
June 30, 2012	$ 173,265 *	$ (2,755) *	$ 355 *	$ (281,371)	$ 82,498	$ 22,756	$ 13,390	$ 8,138

* Total gains (losses). Amount attributable to unrealized gains (losses) is not available.

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

Siguler Guff Distressed Opportunity Fund III, LP seeks to invest in a diversified portfolio of securities of companies undergoing financial distress, operating difficulties or restructuring. As of June 30, 2012, Administrative Offices has funded $5,530,000 of its $7,000,000 investment commitment. The nature of the investments in this fund is such that distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets of this fund will be liquidated by December 31, 2018.

Siguler Guff Distressed Opportunity Fund IV, LP seeks to invest in a diversified portfolio of securities of companies undergoing financial distress, operating difficulties or restructuring. As of June 30, 2012, Administrative Offices has funded $1,720,000 of its $4,000,000 investment commitment. The nature of the investments in this fund is such that distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets of this fund will be liquidated by April 11, 2023.

In early 2012, the Administrative Offices purchased an interest in Kayne Anderson MLP Fund, L.P., a limited partnership organized for the purpose of investing and trading in securities. The partnership's principal strategy is to invest in energy-related master limited partnerships. The Administrative Offices has no unfunded commitments related to this investment. As a limited partner, the Administrative Offices may withdraw from the partnership or withdraw any portion of its account as of the last day of any calendar month. At least 80% of the capital balance will be paid within 10 days of the effective date of withdrawal. The remainder will be paid within 25 days of that date. Withdrawals are subject to the ability of the partnership to liquidate sufficient investments at a price which is acceptable to the general partner. Sales and transfers may only be made upon the general partner's approval.

Meridian Diversified Fund, Ltd. ("Meridian") engages principally in a diversified investment strategy utilizing a multi-manager approach to invest in securities. There are no unfunded commitments related to this investment. As of July 1, 2011, the Administrative Offices redeemed its investment in Meridian for cash and in-kind distributions of MDFLTD/Cerberus March 2009 Segregated Portfolio and MDFLTD/HF March 2009 Segregated Portfolio. In accordance with the current policies of Meridian, approximately 10% of the total redemption amount was held back to be distributed pending completion of Meridian's audited financial statements. Subsequent to June 30, 2012, the Administrative Offices received 70% of the audit holdback. The remaining 30% of the holdback, which amounts to $246,354, is being held pending settlement of potential claims against withdrawals which Meridian made from certain underlying investments. This amount is fixed and will be paid in securities, cash, or a combination of both at an undetermined future date when Meridian's legal counsel advises that the funds can be released.

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

MDFLTD/Cerberus March 2009 Segregated Portfolio ("MDFLTD/Cerberus") and MDFLTD/HF March 2009 Segregated Portfolio ("MDFLTD/HF") are segregated portfolios of MDF Special Investments SPC, Ltd. ("MDF"), a Cayman Islands segregated portfolio company. The investment objectives of MDFLTD/Cerberus and MDFLTD/HF are to acquire, hold, and distribute the proceeds of investments in Cerberus International, Ltd. and Highfields Capital, Ltd., respectively, which were originally held by Meridian and which have been determined to have limited liquidity. Shares in MDFLTD/Cerberus and MDFLTD/HF are not redeemable by shareholders, however MDF may redeem the shares at any time either in cash or in-kind. As the underlying investments are liquidated, MDFLTD/Cerberus and MDFLTD/HF intend to redeem shares having a net asset value equal to the amount realized at the end of each calendar quarter. These distributions may be subject to holdbacks for contingent liabilities or other matters. Shares may be transferred only with written permission of MDF.

In October 2011, the Administrative Offices acquired an investment in the Global Segregated Portfolio of ABS Offshore SPC, a Cayman Islands segregated portfolio company. The assets of the Global Segregated Portfolio are invested in private investment funds and in short-term investments for liquidity or defensive purposes. The investment objective of the Global Segregated Portfolio is to generate absolute returns while maintaining a moderate level of risk. The assets are allocated to investment funds targeting absolute returns through the use of a wide array of investment strategies throughout the global financial markets. The strategies may include equity long/short, emerging markets, fixed income, and commodity trading. The allocation among strategies is expected to vary, as are the positioning and instruments used in each of the underlying strategies. The Administrative Offices has no unfunded commitments related to this investment. Investments may be redeemed upon a 45 day written notice. Redemptions within the first 12 months of investment will incur a 1% redemption charge. Investments cannot be sold or transferred without prior written permission of ABS Offshore SPC.

SUPPLEMENTARY INFORMATION

	Sc[illegible] Endo[illegible]	Others	2012 Totals	2011 Totals
Balances, beginning of year	$ 5,1[illegible]77	$ 456,272	$ 15,277,524	$ 12,806,878
Additions:				
Investment earnings:				
Realized gains	3[illegible] -	6,618	616,045	464,967
Unrealized gains (losses)	(3[illegible] -	(4,785)	(482,530)	3,820,944
Changes in value of split-interest agreements	-	-	24,684	54,600
Contributions and grants	-	65,025	506,278	409,132
Total additions	-	66,858	664,477	4,749,643
Deductions:				
Net assets released from restrictions - satisfaction of program restrictions	4,4[illegible] -	63,365	4,883,365	2,278,997
Net change	(4,3[illegible] -	3,493	(4,218,888)	2,470,646
Balances, end of year	$ 8[illegible]77	$ 459,765	$ 11,058,636	$ 15,277,524

SCHEDULE OF CHANGES IN NET ASSETS - PERMANENTLY RESTRICTED

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2012
(with comparative totals for 2011)

	School Endowment	Burses Fund	St. Louis Cathedral	2012 Totals	2011 Totals
Balances, beginning of year	$ 11,152,537	$ 1,874,916	$ 1,000,000	$ 14,027,453	$ 14,024,100
Additions - contributions	-	46,666	-	46,666	3,353
Balances, end of year	$ 11,152,537	$ 1,921,582	$ 1,000,000	$ 14,074,119	$ 14,027,453

SCHEDULE OF EXPENSES - PROGRAM SERVICES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2012 and 2011

	2012	2011
Christian Formation:		
Campus ministry	$ 307,588	$ 336,885
Office of Catholic Schools	3,576,896	1,195,909
Catholic Youth Organization	1,385,264	679,989
Director's office	(3,859)	148,274
Religious education office	457,528	421,137
Eucharistic adoration office	115,992	99,694
Totals	$ 5,839,409	$ 2,881,888
Clergy:		
Clergy programs	$ 9,525,640	$ 6,953,753
Permanent diaconate	179,074	128,500
Priest personnel office	182,589	268,523
Vocation office	199,207	177,391
Totals	$ 10,086,510	$ 7,528,167
Community Services:		
Director's office	$ 81,771	$ 89,566
Seaman's Center	92,707	94,493
Totals	$ 174,478	$ 184,059
Gifts and Grants:		
Donations	$ 292,695	$ 217,269
Pastoral Services:		
Black Catholics office	$ 162,758	$ 140,416
Chaplains	288,601	297,300
Director's office	131,080	126,724
Ecumenical office	12,790	20,004
Family Life Apostolate	188,942	181,539
Hispanic Apostolate	196,601	150,537
Office of Worship	164,475	154,516
Spirituality Center	25,000	25,000
Totals	$ 1,170,247	$ 1,096,036
Religious:		
Director's office	$ 126,055	$ 118,312

SCHEDULE OF EXPENSES - SUPPORTING SERVICES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2012 and 2011

	2012	2011
Administration:		
Archbishop - household	$ 169,154	$ 285,878
Archbishop - office	225,636	349,277
Archives	357,794	353,976
Communications and public relations	259,291	248,207
Former archbishops	154,022	155,572
National and regional fees	264,325	254,366
Racial Harmony	42,576	39,028
Tribunal - first instance	284,325	284,076
Tribunal - second instance	167,114	167,091
Vicar General	199,191	197,797
Victims Assistance Office	84,371	88,392
Development activities	313,245	189,490
Totals	$ 2,521,044	$ 2,613,150
Financial Services:		
Accounting office	$ 327,076	$ 378,831
Bad debt expense	1,386,731	1,439,652
Building office	416,480	380,131
Depreciation	825,707	839,838
Closed parish facilities	37,928	22,528
Howard Avenue building services	1,028,346	968,140
Human resources and employee benefits	181,661	174,986
Internal audit department	193,146	115,148
Internet services	1,680,592	1,262,752
Office of Chief Administrative Officer	652,776	607,175
Office of Chief Financial Officer	342,211	257,032
Property and general costs	635,243	577,021
Walmsley Avenue building services	482,497	517,136
Totals	$ 8,190,394	$ 7,540,370

SCHEDULE OF INVESTMENT BALANCES BY CLASSIFICATION

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2012

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Totals
Operating Fund:					
Burse Fund	$ 2,208,964				$ 2,208,964
General Account	56,536,179	$ 74,579,893	$ 981,697	$ 6,171,487	138,269,256
Parish Development Fund	2,389,682				2,389,682
School Endowment Fund	12,137,099				12,137,099
Elmer G. Ponton Trust	242,485				242,485
Priests' Pension Fund	3,307,773				3,307,773
St. Louis King of France Cathedral Endowment	1,664,515				1,664,515
Elizabeth G. Lockett Legacy	1,057,163				1,057,163
Hector Ragas Fund	203,373				203,373
Monsignor Reynolds Aged and Infirm Priests Endowment	168,559				168,559
Total operating fund	79,915,792	74,579,893	981,697	6,171,487	161,648,869
Funds Held For Others:					
Adult Day Health Care Endowment	14,418				14,418
Agnes Byrnes Roniger/St. Rita Church Capital Endowment	73,688				73,688
Agnes Byrnes Roniger /St. Rita School Endowment Fund	38,825				38,825
Archbishop Alfred C. Hughes Endowment Fund	120,984				120,984
The Almar Foundation Endowment	26,337				26,337
St. Andrew the Apostle School Endowment Fund	1,343,518				1,343,518
Msgr. Charles F. Aucoin - Gift Annuity	68,865				68,865
Katherine Aycock - Gift Annuity	2,520				2,520
Archbishop Chapelle High School Endowment Fund	673,982				673,982
Catholic Charities Archdiocese of New Orleans	1,120,736				1,120,736
B. Frank Eshleman Seminarian Fund	156,458				156,458
Bahan Trust	363,545				363,545
Barbara Lynn Riehl Endowment	285,731				285,731
Gloria T. Becnel Gift Annuity	196,473				196,473
Beverly B. Durand Memorial Endowment	43,096				43,096
Blackie (Loyd) Barras/Our Lady of Perpetual Help School Endowment	140,996				140,996
Boggs/Cathedral	29,042				29,042
Rev. Rodney Bourg - Gift Annuity	59,306				59,306
Boys Hope Girls Hope Endowment Fund	569,997				569,997
Howard Brehm #1 - Gift Annuity	5,134				5,134
Rev. Douglas Brougher - Gift Annuity	18,580				18,580
Henry Bryer Jr. - Gift Annuity	-				-
C.J. & Jane Dunaway Endowment	6,795				6,795
Carboni Family Fund	415,771				415,771
Rev. Francis J. Carabello Charitable Gift Annuity	9,659				9,659
Care Center Endowment	82,234				82,234
Catholic Charities Endowment	26,792				26,792
Catholic Community on Scouting	31,355				31,355
Catholic Foundation Board of Directors Endowment Fund	2,368,015				2,368,015
Catholic Foundation	4,018,960				4,018,960
Marguerite S. Celestin Endowment Scholarship Fund	24,504				24,504

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Totals
Funds Held For Others: (Continued)					
Chateau De Notre Dame Endowment Fund	11,536				11,536
Children's Fund Endowment	14,418				14,418
Christ The King Church Endowment	10,745				10,745
Christian Meibaum Endowment	246,483				246,483
Christopher Homes	69,862				69,862
Ciara Endowment	288,039				288,039
Clearing Account	137,895				137,895
Cole Michael Geigerman Special Needs Trust	2,102				2,102
Community Centers Endowment	14,418				14,418
Community of Deacon's Endowment Fund	14,937				14,937
Covenant House New Orleans Endowment Fund	30,450				30,450
Charles J. Derbes, Jr. & Edmund R. Vales Memorial Endowment	10,400				10,400
Robert E. Dionne "A" - Gift Annuity	61,818				61,818
Robert E. Dionne "B" - Gift Annuity	57,090				57,090
Robert E. Dionne #3 - Gift Annuity	110,522				110,522
Robert E. Dionne #4 - Gift Annuity	111,804				111,804
Robert E. Dionne #5 - Gift Annuity	86,026				86,026
Robert E. Dionne #6 - Gift Annuity	39,281				39,281
Robert E. Dionne #7 - Gift Annuity	39,558				39,558
Robert E. Dionne #8 - Gift Annuity	40,393				40,393
Robert E. Dionne #9 - Gift Annuity	40,670				40,670
Robert E. Dionne #10 - Gift Annuity	51,269				51,269
Robert E. Dionne #11 - Gift Annuity	51,438				51,438
Robert E. Dionne #12 - Gift Annuity	51,776				51,776
Robert E. Dionne #13 - Gift Annuity	52,115				52,115
Robert E. Dionne #14 - Gift Annuity	39,626				39,626
Robert E. Dionne #15 - Gift Annuity	39,687				39,687
Robert E. Dionne #16 - Gift Annuity	39,930				39,930
Robert E. Dionne #17 - Gift Annuity	39,991				39,991
Domestic Violence Services Endowment	82,234				82,234
Brandt J. Dufrene Family Fund Endowment Fund	45,972				45,972
E.J. and Marjory B. Ourso Family Fund for Second Harvesters Food Bank	1,651,829				1,651,829
Family Counseling Endowment	14,418				14,418
Mr. & Mrs. Fred Fabacher - Gift Annuity	63,350				63,350
Father Harold Cohen Memorial Endowment	47,005				47,005
Ms. Dagmar Foley - Gift Annuity	81,925				81,925
Archbishop Francis B. Schulte	126,110				126,110
Joan E. Gaulene - Gift Annuity	7,549				7,549
Clifford J. Giffin Jr. - Gift Annuity	37,475				37,475
Good Shepherd Parish Endowment	50,451				50,451
The Hillary Lanaux Greve Memorial Scholarship Fund	36,535				36,535
Thomas Greve "A" - Gift Annuity	24,625				24,625
Thomas Greve "B" - Gift Annuity	39,309				39,309
Thomas Greve "C" - Gift Annuity	61,168				61,168
Thomas Greve "D" - Gift Annuity	87,575				87,575
Thomas Greve "E" - Gift Annuity	95,613				95,613
Thomas Greve "F" - Gift Annuity	104,451				104,451
Archbishop Philip M. Hannan Witness Endowment Fund	14,532				14,532
Delores F. Harris Endowment Fund	326,258				326,258
Msgr. Ray Hebert - Gift Annuity	11,266				11,266
William B. Herbert - Gift Annuity	7,222				7,222
Helen Knesel Endowment/St. Catherine of Siena School	16,889				16,889
Holmes Family Endowment	190,942				190,942
Holy Family Endowment	32,522				32,522

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Totals
Funds Held For Others: (Continued)					
Holy Name of Mary Church					-
Endowment Foundation	82,346				82,346
Hooper Endowment	887,397				887,397
Hope Haven Endowment	16,764				16,764
Anna Hugel Endowment	65,975				65,975
Immaculate Conception Church, New Orleans	301,701				301,701
Immaculate Conception Scholarship	91,081				91,081
Immaculate Conception (Marrero) Church					
Endowment	10,937				10,937
Immigration and Refugee Endowment	14,408				14,408
James Andrew Lockett Fund	343,326				343,326
Josephite Fathers Endowment Fund for Needy					
African American Mothers	10,552				10,552
Saint Katharine Drexel Monument					
Endowment Fund	32,428				32,428
Tom & Connie Kitchens Family Fund	15,702				15,702
Bobbie & Ray Landry Fund	10,573				10,573
Mark & Jane Landry - Gift Annuity	54,568				54,568
Larry Garvey Family Fund	7,341,338				7,341,338
Literacy Endowment	37,981				37,981
T. Ben Lockett Lay Missionary Endowment	332,771				332,771
Thomas B. Lockett Endowment	1,094,856				1,094,856
Athalie Macgowan #2 - Gift Annuity	699				699
Athalie Macgowan #3 - Gift Annuity	5,607				5,607
Athalie Macgowan #4 - Gift Annuity	11,223				11,223
Athalie Macgowan #5 - Gift Annuity	13,593				13,593
McPeake/Madonna Manor/Hope Haven	7,523				7,523
Mary June Ragas/St. Mary Magdalen					
School Endowment	165,929				165,929
Mary Queen of Peace Endowment Fund	1,155				1,155
Metairie Manor Endowment Fund B	121,140				121,140
Metairie Manor Endowment Fund	216,314				216,314
T. Milton Hynes & Norma M. Hynes Endowment	76,488				76,488
Monsignor Wynhoven Endowment Fund B	147,758				147,758
Monsignor Wynhoven Apartments, Inc.	9,547				9,547
Most Holy Trinity Church Endowment	191,766				191,766
Notre Dame Seminary	3,916,628				3,916,628
Notre Dame Seminary Endowment	168,275				168,275
Our Lady of Divine Providence Parish					
Endowment Fund	75,291				75,291
Our Lady of Grace Church Endowment	11,223				11,223
Our Lady of Guadalupe Church	1,128,784				1,128,784
Our Lady of Prompt Succor School, Chalmette	29,940				29,940
Our Lady of Prompt Succor Church					
(Chalmette) Endowment	10,308				10,308
Our Lady of The Rosary Church Endowment	10,609				10,609
Our Lady of The Rosary Church #2	21,550				21,550
Our Lady of Wisdom Custodian Fund	582,323				582,323
Ozanam Inn Endowment	28,212				28,212
Padua Pediatrics Endowment	14,418				14,418
Jacqueline S. Palama - Gift Annuity	191,501				191,501
The Pat and Bobby McIntyre Family Fund	18,082				18,082
Paula Zabrecky Scholarship Endowment Fund /					
St. Edward The Confessor School	42,481				42,481
Pennies for Bread Endowment Fund	21,406				21,406
Minnie Petrusek - Gift Annuity	-				-
Archbishop Philip M. Hannan Educational Fund	347,199				347,199
Archbishop Philip M. Hannan Memorial Fund	13,877				13,877
Philmat Inc., Endowment Fund	5,671,253				5,671,253

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Totals
Funds Held For Others: (Continued)					
Philmat Operating Account	619,117				619,117
Propagation of the Faith	1,342,254				1,342,254
Quirk/Magnificat Ministry	35,553				35,553
Ralph I. & Faye M. Alvarez Scholarship Endowment Fund - St. Benilde School	26,252				26,252
Msgr. Milton L. Reisch - Gift Annuity	-				-
Resurrection of Our Lord Church Endowment Fund	496,029				496,029
Resurrection of Our Lord School Endowment Fund	496,010				496,010
Rev. Bernard O'Brien SFC Endowment Fund	123,718				123,718
Reverend Msgr. Andrew C. Taormina Endowment Account	10,668				10,668
Reverend Piovan Endowment Account	14,794				14,794
Rev. William J. McGough Endowment	31,347				31,347
Rick and Maxine Resweber Family Fund	10,604				10,604
Dr. Winston P. Riehl #1- Gift Annuity	31,075				31,075
Dr. Winston P. Riehl #2 - Gift Annuity	38,068				38,068
Dr. Winston P. Riehl #3 - Gift Annuity	59,141				59,141
Robert E. Dionne Endowment Fund	13,139				13,139
Robin R. & Pamela F. Mingo Family Fund	1,047,329				1,047,329
Archbishop Rummel High School Endowment Fund	398,014				398,014
Scholastica Excellence Fund	134,105				134,105
Msgr. Marion F. Schutten Endowment	469,953				469,953
Second Harvesters Food Bank	1,181,485				1,181,485
Second Harvesters Food Bank, Food for Families, Food for Seniors	180,432				180,432
Serra Club of New Orleans (Connie & Frank Walk Endowment)	9,886				9,886
Sister Anthony Barczykowski, D.C. Endowment Fund	6,257				6,257
Sister Germaine O. P. Early Childhood Development Center Fund	58,669				58,669
Sisters of the Spirit of Jesus	244,734				244,734
Clyde Smith #1 - Gift Annuity	53,504				53,504
Clyde Smith #2 - Gift Annuity	36,145				36,145
St. Agnes Church Parish Endowment	207,025				207,025
St. Francis Xavier Hickey	45,913				45,913
St. John Bosco Parish Endowment Fund	284,602				284,602
St. John The Baptist Church Endowment	37,523				37,523
St. Mary's Dominican High School Endowment Fund	1,468,525				1,468,525
St. Peter School - Reserve Endowment	6,403				6,403
St. Alphonsus Fund	30,454				30,454
St. Anthony School (Gretna) Endowment Fund	99,916				99,916
St. Bernard Catholic Church Endowment	4,633				4,633
Sr. Imelda Moriarity/St. Catherine of Siena School	142,035				142,035
St. Christopher the Martyr Church	34,710				34,710
St. Charles Borromeo School Endowment	16,193				16,193
St. Clement of Rome Church Fund	49,999				49,999
St. Clement of Rome School Fund	25,379				25,379
St. Dominic Church Endowment	446,663				446,663
St. Dominic School Endowment	62,015				62,015
St. Francis of Assisi Church Endowment Foundation	121,121				121,121
St. Joan of Arc Msgr. Robert Vincent Endowment	151,224				151,224
St. Joseph Church Endowment	374,831				374,831
St. Joseph Church Patrimony Endowment	654,064				654,064
St. Joseph of Arimathea Priests Recovery Endowment	2,201				2,201

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Totals
Funds Held For Others: (Continued)					
St. Leo The Great Church Endowment	20,649				20,649
St. Louis Cathedral Endowment Fund	149,854				149,854
St. Louis King of France Parish Endowment	330,841				330,841
St. Luke The Evangelist Parish Endowment	77,956				77,956
St. Margaret Mary Parish Endowment	25,832				25,832
St. Margaret Mary School Scholarship Fund	307,928				307,928
St. Margaret Mary School Endowment	49,030				49,030
St. Mary Magdalen Church Endowment	5,927				5,927
St. Michael Endowment	1,069,003				1,069,003
St. Peter (Covington) School Endowment Fund	32,424				32,424
St. Pius X Church Endowment Fund	5,522				5,522
St. Pius X Pillars of Pius Endowment Fund	164,826				164,826
St. Rita (Harahan) Parish School Endowment Fund	217,649				217,649
St. Rita Church Parish Endowment Fund	103,138				103,138
St. Robert Bellarmine Seminarial Support Fund	375,100				375,100
St. Scholastica Academy Alumnae Scholarship Fund	20,145				20,145
St. Scholastica Academy Endowment Fund	1,060,210				1,060,210
St. Scholastica Academy Endowment Scholarship Fund	10,801				10,801
St. Stephen School	237,616				237,616
St. Theresa of the Child Jesus	578,908				578,908
St. Anthony of Padua Church (New Orleans) Parish Endowment Fund	10,429				10,429
Bishop Stanley J. Ott Notre Dame Seminary Memorial Endowment	161,147				161,147
Steiner Aged/Infirm	178,954				178,954
S.Sternberg (deferred) - Gift Annuity	20,620				20,620
Stewart/Social Apostolate	42,464				42,464
Stoulig Fund	314,666				314,666
The Thomas H. Stahel, S.J. Good Shepherd Memorial Endowment Fund	405,393				405,393
T. Hartley Kingsmill Family Endowment	8,949				8,949
The Calamari Family Endowment Fund	1,122				1,122
The Gift of Life Endowment	1,104,821				1,104,821
Charlotte L. Todd #1 - Gift Annuity	4,348				4,348
Charlotte L. Todd #2 - Gift Annuity	8,981				8,981
Tujague/Social Apostolate	116,863				116,863
Angelle Ulfers Memorial Scholarship	11,650				11,650
Visitation of our Lord Endowment	10,891				10,891
Connie and Frank Walk Endowment Fund	115,011				115,011
Jeanne F. White - Gift Annuity	19,111				19,111
William Richard & Helen Hock St. Joseph Parish Endowment	135,893				135,893
Wiseman Endowment Fund	36,339				36,339
Peggy Yancey Endowment	130,628				130,628
Total funds held for others	60,529,976	-	-	-	60,529,976
Total investments	$ 140,445,768	$ 74,579,893	$ 981,697	$ 6,171,487	$ 222,178,845

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Most Reverend Gregory M. Aymond,
Archbishop of the Roman Catholic Church of
the Archdiocese of New Orleans,
New Orleans, Louisiana.

We have audited the financial statements of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") as of and for the year ended June 30, 2012 and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Administrative Offices is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Administrative Offices' internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Administrative Offices' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Administrative Offices' internal control over financial reporting.

A *deficiency in internal control* exits when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency in internal control over financial reporting. (12-01) A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Administrative Offices' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Administrative Offices' response to the finding indentified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Administrative Offices' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Most Reverend Gregory M. Aymond, Archbishop of the Roman Catholic Church of the Archdiocese of New Orleans, management, federal awarding agencies, the State of Louisiana, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 10, 2012.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Most Reverend Gregory M. Aymond,
Archbishop of the Roman Catholic Church of
the Archdiocese of New Orleans,
New Orleans, Louisiana.

Compliance

We have audited the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices' (the "Administrative Offices") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Administrative Offices' major federal program for the year ended June 30, 2012. The Administrative Offices' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Administrative Offices' management. Our responsibility is to express an opinion on the Administrative Offices' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Administrative Offices' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Administrative Offices' compliance with those requirements.

In our opinion, the Administrative Offices complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

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Internal Control Over Compliance

Management of the Administrative Offices is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Administrative Offices' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Administrative Offices' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Most Reverend Gregory M. Aymond, Archbishop of the Roman Catholic Church of the Archdiocese of New Orleans, management, federal awarding agencies, the State of Louisiana, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 10, 2012.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2012

Federal Grantor / Program Title	CFDA Number	Federal Expenditures
Department of Homeland Security:		
Passed Through the Louisiana Governor's Office of Homeland Security and Emergency Preparedness		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	$ 36,172,057
Total expenditures of federal award		$ 36,172,057

See notes to schedule of expenditures of federal award.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

For the year ended June 30, 2012

Note 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Award includes the federal grant activity of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Administrative Offices' has met the qualifications for the respective grants. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, the amount presented in the schedule may differ from the amount presented in, or used in the preparation of, the financial statements.

Funds received from this grant by the Administrative Offices were distributed to various affiliated entities. For financial reporting purposes, these entities are not consolidated with the Administrative Offices' financial statement.

Note 2 - FINDINGS OF NONCOMPLIANCE

No federal award findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2012.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2012

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? __ yes X no
- Significant deficiency(ies) identified? X yes __ none reported

Noncompliance material to financial statements noted? __ yes X no

b) Federal Awards

Internal control over major program:

- Material weakness(es) identified? __ yes X no
- Significant deficiency(ies) identified? __ yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 __ yes X no

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Program:

CFDA Number	Name of Federal Program
97.036	U.S. Department of Homeland Security - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: $1,085,162

Auditee qualified as a low-risk auditee? __ yes X no

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

12-01 Construction Project Expenditure Miscoding

Criteria - Construction in progress accounts should be reconciled to construction project progress billings.

Condition - An adjustment was required to reclassify construction project billings which were incorrectly expensed.

Context - Isolated.

Cause - The specific construction project is in a very early stage of completion and the architectural progress billings were not reconciled to the construction in progress accounts.

Effect - Failure to reconcile all construction contract billings with construction in progress accounts can result in financial statement misstatements.

Recommendation - Always reconcile construction in progress accounts with related contract billings when reviewing general ledger balances for completeness and accuracy.

Views of Responsible Officials of the Auditee - When There is a Disagreement With the Finding, to the Extent Practical - None.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2012 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control / Compliance

There were no findings noted during the audit for the year ended June 30, 2012 related to federal award compliance or federal award internal control over compliance.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2012

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2011 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2011 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings noted during the audit for the year ended June 30, 2011 related to federal award compliance or federal award internal control over compliance.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN ON CURRENT YEAR FINDINGS

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

For the year ended June 30, 2012

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

12-01 Construction Project Expenditure Miscoding

Recommendation - Always reconcile construction in progress accounts with related contract billings when reviewing general ledger balances for completeness and accuracy.

Management's Corrective Action - The accounting office will reconcile construction in progress accounts with all related contract billings.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2012 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Internal Control / Compliance

There were no findings noted during the audit for the year ended June 30, 2012 related to federal award compliance or federal award internal control over compliance.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.